

Digital Freedom Initiative
Senegal
Program Design Summary

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SENEGAL PILOT PROGRAM

DESIGN SUMMARY

I. The Digital Freedom Initiative – Global Overview

The US Department of Commerce with the Department of State, the Agency for International Development (USAID), the Peace Corps and the Freedom Corps launched the Digital Freedom Initiative (DFI) – a new form of public-private partnership - on March 4, 2003 to promote economic growth for small businesses and entrepreneurs in the developing world through information and communication technologies. The DFI will launch its first pilot activities in Senegal. Based upon the results obtained in Senegal the DFI will be expanded to up to twenty countries. The DFI has three objectives:

- **Enable innovation through volunteer-led business and entrepreneur assistance.** The DFI will place volunteers from the private sector and NGOs with small businesses and entrepreneurs to assist in growing their businesses through the application of technology and the transfer of business expertise.
- **Drive pro-growth legal and regulatory reform.** The DFI will assist countries in developing pro-growth regulatory and legal structures to enhance business competitiveness.
- **Leverage existing information and communications infrastructure to promote economic growth.** The DFI will identify opportunities to leverage existing human resources, local knowledge and capacity and infrastructure to generate information and services to help entrepreneurs and small businesses better compete in both the regional and global market places.

The DFI will be put into action through an alliance with US private sector companies in coordination with host country governments and their private sectors. The DFI will be implemented in each country over a three-year period and consist of two broad classes of activities: **Core Activities** and **Leveraged Activities**. Both types of activities will be undertaken in two or three Strategic Focus Areas. Figure 1 illustrates the relationship between the two types of activities and the Strategic Focus Areas.

Core Activities will be undertaken with funds from the US Government using business and technical volunteers and other resources from private sector partners. Core Activities will also include partnerships between US Government agencies (e.g., the Small Business Administration and the Federal Communications Commission) and appropriate host country entities (e.g., the ADEPME and ART in Senegal).

Leveraged Activities will be led by the US private sector and relate to the Core Activities. They will be undertaken as opportunities arise and private sector partners are identified. All Leveraged Activities will be undertaken with private resources and/or US Government resources outside of the core DFI budget.

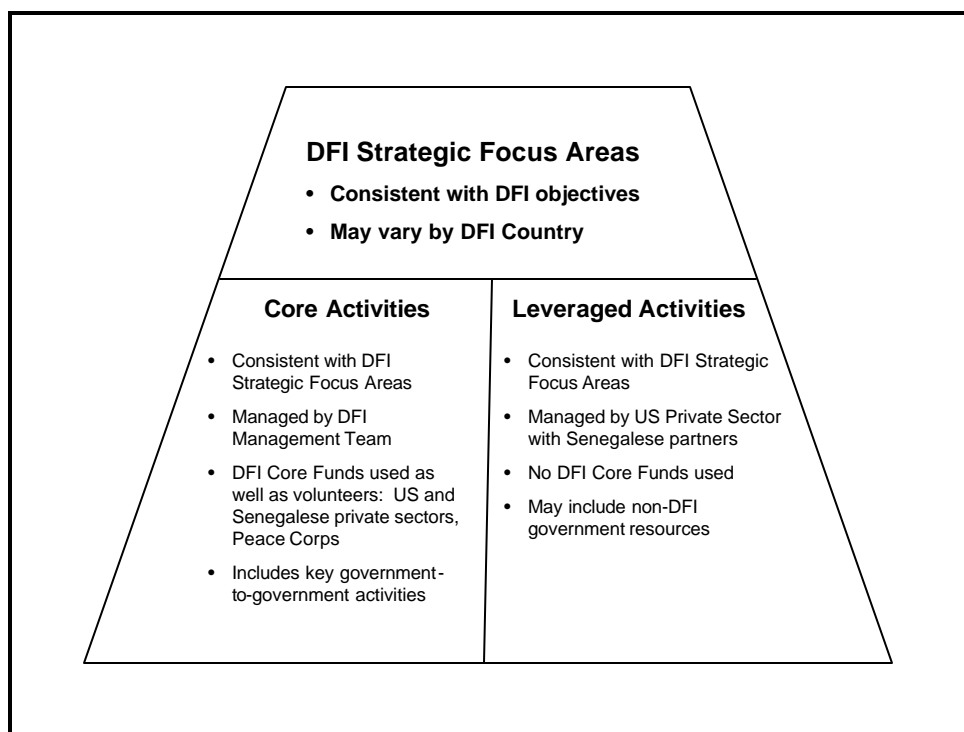


Figure 1: Types of DFI Activities

1. Private Sector Contributions

The DFI establishes a new form of public-private partnership that leverages the leadership of the US government, the creativity and resources of the US private sector, the vision of DFI host country governments and the energy of entrepreneurs in DFI countries. Together, these partners will seek solutions that are replicable, scalable, and transferable to other DFI countries.

The private sector is a pillar of the DFI - its inclusion will bring strategic thinking and business savvy that will lead to replicable and scalable solutions. Part of the value of the DFI is to ensure that solutions generated in one country can be shared with and deployed in other DFI countries. Private sector companies joining in the DFI will be seeking to expand markets for technology, develop products and services that are more relevant and appropriate to local needs and strengthen relationships with host country companies, US private sector companies will participate in the DFI in a number of ways:

- Provide vision, strategy, and business expertise to all phases of the DFI;
- Provide volunteers and other resources that build upon the Core Activities supported by the US government; and
- Partner with the private sector entities and governing bodies in the host countries to identify and implement activities that promote economic growth and opportunities.

2. Results Orientation

At regular intervals, DFI activities will be evaluated based on performance benchmarks that measure such indicators as number and type of participating small businesses, increases in use of ICTs by participating businesses, and productivity gains.

3. Global DFI Governance

The Global DFI will be led by an interagency working group (DFI-IWG) drawn from the participating US Government agencies with the involvement of private sector partners from industry and the services sector (DFI Roundtable). The DFI will be managed in each country by an alliance of US and host country government entities, in partnership with their respective private sectors. Transparency will be the hallmark of all DFI activities.

II. DFI Senegal Pilot Project Overview

The Digital Freedom Initiative is being piloted in Senegal, a stable and democratic country in West Africa. Senegal is an apt partner for the DFI for a number of reasons. For many years Senegal has been among Africa's leading nations in terms of investing in telecommunications access for its people. Currently, it has more than 13,000 telephone shops and 300 cybercafes serving poor urban and rural populations. It was one of the first African countries to tie into the SAT 3 undersea fiber optic cable, and it maintains a digital fiber network connecting its major towns and population centers.

Most importantly, Senegal has demonstrated a strong commitment at the highest political level to fostering the development and utilization of information and communication technologies for economic and social development. President Abdoulaye Wade chairs the NEPAD "ICT for Development" Committee and Senegal has recognized the importance of promoting competition in the telecommunications sector. Senegal is also in the process of liberalizing its telecommunications policy and regulatory regime. It privatized SONATEL, the national telephone company, in 1997 and launched a quasi-independent regulatory agency in 2002. It has announced plans to introduce national network competition in 2004. In addition, it has an ambitious vision for E-Government services, establishing the Directorate d'Information de l'Etat.

In addition to being an ICT leader, Senegal is also committed to developing its small enterprise sector. Under the leadership of the Ministry of Commerce, it has established a small business development agency (ADPMU) and Trade Point Sénégal, a technology oriented support agency to help small and informal enterprises grow and join the formal sector. Senegal has a robust network of micro-finance institutions. This combination of leadership on NTIC and commitment to small enterprise makes Senegal a very attractive partner for the DFI.

With the facilitation of the USAID mission in Senegal, a design team of US and Senegalese professionals worked in Senegal in May and July of 2003 to develop this summary plan. During this process, officials from the Senegalese government, Senegalese development partners, and representatives from across the private sector (both the formal and informal sectors) described many ambitious efforts underway to more fully enable businesses, citizens and government to participate in the global economy through the use of new technologies. During focus group discussions and one-on-one interviews Senegalese government and private sector representatives were excited about the opportunity for the DFI to serve as an accelerator of

these efforts. The views, needs and ideas of the potential Senegalese participants drive the DFI Senegal strategy presented here.

1. DFI Senegal Precepts

Given the myriad possibilities that could be undertaken by the DFI in Senegal, the following precepts were used to identify the Focus Areas for the Senegal pilot, consistent with DFI global objectives:

- Target DFI activities at small businesses and those graduating from micro enterprise status
- Target DFI activities at formal sector companies and those seeking to move from the informal sector. In this regard, the DFI will use the Ministry of Commerce's definition of informal and small enterprises.
- Leverage DFI resources, whenever possible, by working with organizations representing groups of businesses (such as business and producer associations and professional groups) that can benefit from DFI activities, rather than working directly with individual firms
- Focus on interventions that strengthen capabilities to use ICT's (information and communications technologies) to improve business performance, with an emphasis on business-to-business applications
- Use transparent mechanisms to identify Core program beneficiaries and participants. The DFI Management team will establish, in consultation with the Steering Committee, simple eligibility criteria such as size of business, area of operation, and potential for growth and employment creation. The DFI will use existing definitions already developed by the Ministry of Commerce wherever possible.
- Serve as an accelerator, building on, making use of and enable existing ICT and small business development infrastructure.
- Seek to stimulate and facilitate activities that support increased opportunity for private sector partners in the US and Senegal.

2. Characteristics of Senegalese Business Environment

There are at least three characteristics of the Senegalese business environment that will affect DFI activities:

- SONATEL holds a monopoly for many telecommunications services; hence pricing and access to such services are not set by market competition.
- Sparse electricity coverage in rural areas limits distribution of and access to new information technologies.
- Small and medium enterprises (SME's) have limited access to capital and business development services.

III. DFI Senegal Strategic Focus Areas, Core and Leveraged Activities

Based on input from a wide range of Senegalese government and private sector observers, and given the DFI precepts and the context in which business development activities occur in Senegal, the Design Team proposed a three-year strategy that will demonstrate the use of ICT to support more expansive and efficient financial transactions, improve the performance and prosperity of SME's through ICT-enabled innovations and improving the overall telecommunications environment to allow wider adoption of new technologies at affordable prices. This three-year strategy will be accomplished through two major types of activities – Core and Leveraged – as described above. Core Activities will be undertaken within each Strategic Focus Area, identified through needs assessment processes (described in Section IV below) and using volunteer expertise and other donated resources from the US private sector. Core Activities will be supported by US Government funding that is provided for the DFI Senegal Pilot Project budget.

Highly leveraged results of the DFI Senegal Pilot will be derived from a set of government-to-government Core Activities that build on the impressive and ambitious Government of Senegal agenda to strengthen the performance of SME's. For example, the tools and best practices used by the US Small Businesses Administration will be brought to the work of the Ministry of Commerce and the ADEPME (the US SBA's counterpart agency in Senegal), and e-Government expertise of the US General Services Administration and US private sector partners can be shared with appropriate Senegalese government agencies. The DFI is firmly committed to applying the expertise and tools developed by the Core Activities to accelerate the actions of counterpart GOS agencies.

The US private sector is also firmly committed to building on the Core Activities and the set of public-private partnerships developed through the DFI to launch a set of Leveraged Activities that enhance the DFI goals of economic development and SME growth. Leveraged Activities by the U.S. private sector will grow out of familiarity with the Senegalese government, Senegalese private sector partners and additional exposure gained through participation in the Core Activities. Leveraged Activities will be primarily financed by private sector companies and their external partners. Any US Government (USG.) funds in support of Leveraged Activities will come from other USG funds outside of the DFI Core Budget. The Cisco Networking Academies Program and Hewlett-Packard's potential microfinance solution are examples of DFI Leveraged Activities that have begun to develop.

The three-year strategy for all types of activities under the DFI is encompassed in the following three *Strategic Focus Areas* for the Senegal pilot.

1. Improving Financial Services through ICT and Empowering Private Sector Inputs

Activities in this program component will start with a focus on developing and spreading the use of e-money. Currently, there are a number of nascent e-money initiatives underway in Senegal, such as the Elton Service Stations experiment with debit cards and money transfer services provided by Western Union, La Poste and specialized services offered by some commercial banks. However, none of these experiments focuses on the particular needs of small businesses, they are often prohibitively expensive, and their reach is limited. The fact is, a Senegalese businessman or woman who wishes to transfer funds from their business location in a rural area to Dakar, to purchase new inventory, for example, is obliged to carry large amounts of cash, often on crowded public transport, from one city to another. Very few

suppliers accept credit cards and virtually no small business owners have credit/debit cards (many do not even have bank accounts). Business people carrying large amounts of cash are targets of highway robbers and con artists. Aside from the security problems posed by carrying large amounts of cash, the lack of a system allowing for electronic transfers of money slows business transactions and creates a disincentive to domestic savings.

A relatively simple solution, that is feasible within Senegal, is the development of e-money. Developing and putting in place an e-money system will be the focus of this Strategic Focus Area during Year 1 of the DFI. This system could use existing banks and post offices and micro-finance institutions, already located in rural locations, to accept and transfer cash. These institutions already have the required legal rights and mandates to handle money on a retail basis. Such a system would enable citizens to deposit their funds at a participating institution on an e-money account in their home location and, using an encrypted debit-type card, withdraw the funds at other locations around the country. Such a system would speed the flow of funds around the country, facilitate business transactions, increase domestic savings, and increase security. These factors are expected to lend a boost to business activity and stimulate commerce and job creation.

Since there is a global need for successful e-money solutions, Year 2 and 3 DFI activities will focus on developing the business models, partnerships and replication activities that will help the IT firms involved in the Senegal Pilot build an e-money business and extend effective e-money solutions to more regions in Senegal.

As resources allow, this work will be expanded in Years 2 and 3 to also increase access to capital – and perhaps new financial instruments -- by small businesses. In particular, these activities will target how ICT can expand SME access to capital from both microfinance institutions and formal banks. These solutions, which may be enterprise-based, may help enterprises qualify for loans or they may target financial institutions for the purpose of expanding their loan and deposit assessment tools.

2. Improving SME Performance and Market Access through ICT

Senegal's Business Development Services (BDS) sector is still in an early stage of development. BDS services that are available are generally marketed to donor-funded projects that pay international rates. Only a handful of BDS firms target SME's directly. On the demand side, few small businesses recognize the value to be gained through the use of modern management tools and approaches and fewer still are willing to invest their scarce capital to purchase something as intangible as "advice" or unfamiliar, and in their eyes, untested management tools. The result is a situation in which SME's rarely grow, productivity stagnates, and product diversification and marketing are all too often unknown. This stifles business expansion and job creation.

This Strategic Focus Area of the DFI will work with current and potential local BDS providers to develop ICT tools and solutions that will help small businesses improve their operations. This will strengthen their ability to access capital from formal financial institutions, lead to increased sales, boost productivity, and stimulate job creation.

The DFI does not anticipate providing direct services to individual businesses. Instead, at the start of the program the DFI management team, with advice from the private sector and the Ministry of Commerce's small business development agencies, such as ADEPME's Bureau de

Mise au Niveau and Trade Point Sénégal, will identify sub-sectors with the potential for growth and gaining value from ICT solutions. The DFI will then work with business and professional associations or other groupings operating in these sectors. In this way, the DFI will build local capacity while reaching a large target audience.

Four sub-sectors have been identified during the design stage as showing promise. The first sub-sector targeted by the DFI under this component will be Senegal's network of over 13,000 telecentres and 300 cybercafes. These enterprises constitute part of the ICT backbone of the country, have been one of the fastest growing sectors of the economy, and have generated thousands of new jobs. However, focus group and survey investigations revealed that very few center owners have a clear idea of how to make their operations profitable, what sort of services to offer, and how to price those services. In Year 1 the DFI will work with local BDS providers and private sector partners to develop business models and simple-to-use ICT solutions that can help enterprises in this sub-sector plan and manage their businesses to improve productivity, diversify products (and in some cases up-grade services towards internet connectivity), and increase profits.

A second promising activity would accelerate efforts being planned by the Ministry of Commerce Small Business Development Agency (ADEPME) to develop tools that can be used to help small businesses move from the informal to the formal sector. This activity would explore how ICT solutions could support a system to certify small businesses as meeting operational criteria established by the Ministry of Commerce. A business that met these criteria would receive a stamp of approval by the Ministry of Commerce that the business could use to increase its ability to access loans from financial institutions and other services.

Cyberlouma or a cyber-marketplace is a third promising area for Senegal's small businesses. Some small businesses have already begun to use the Internet to market their products. For example, the market artisan in Thies with the help of Peace Corps volunteers has established a website that is now generating inquiries and orders. The DFI would examine the possibility of establishing a Cyberlouma where products could be displayed. It would also identify and advise on strategies for overcoming the obstacles to a fully operating marketplace where orders may be placed, funds exchanged, and goods delivered.

A fourth area that shows great promise of making effective use of ICT tools is the use of ICT solutions to develop critical e-government services such as vital records (i.e., births, marriages, deaths, etc.). Working with the Directorate d'Information de l'Etat and private sector companies that have already developed these tools, the DFI will explore pilot solutions that can expand citizen access to basic services such as registering births, certifying deaths and the like. These services would require, by necessity, a strong partnership between state services and private enterprises offering ICT services, especially in more remote rural areas.

Additional activities will be identified through an open, participatory opportunity assessment process described below in Section IV.

3. Supporting a Pro-Competitive Policy and Regulatory Environment

The Government of Senegal (GOS) has articulated a clear and compelling vision for the ICT sector that foresees common citizens, even in remote rural areas, able to access and benefit from new technologies and services. This vision depends upon an effectively regulated telecommunications sector that promotes competition, eliminates corruption, enhances

innovation and new services, and most importantly in the near term, ensures affordable prices. Currently, SONATEL enjoys a monopoly on many ICT services, including access to telecommunications gateways. Despite recent tariff cuts, costs remain at a level that precludes the sort of expansion and mass use envisioned by the GOS.

The DFI will work with the GOS to create an ICT policy and regulatory environment that is attractive to investment and business growth. The DFI, through the USAID Leland Initiative, will initiate a policy dialogue with key Senegalese institutions concerned with ICT policy and regulation. On the US side, organizations such as the State Department, Federal Communications Commission (FCC), the US Department of Commerce, and the US Telecommunications Training Institute (USTTI) will dialogue with institutions such as the Agence de Reglementation de Telecommunications (ART), the Directorate d'informatique de l'Etat, the Ministry of Commerce, and the Presidency. Interested private sector companies in both the US and Senegal will be invited to add their voice and their weight to these discussions.

In addition to these institutional relationships, the DFI will finance training, technical assistance, and technical studies in response to requests from the participating Senegalese agencies.

4. Classes of Small and Medium Enterprises (SME's) Involved

DFI Senegal activities will target three classes of SME's:

- **"End-User" SME's**, those non-IT firms engaged in the production, distribution and sales of a broad spectrum of businesses and services, will receive access to ICT-based tools and services that will improve businesses processes, increase access to new or expanded markets, and result in greater profitability and scale.
- **Telecenters, Cyber Cafes** and others engaged in providing access to information and communication services will receive assistance in improving their business practices, increasing the quality and range of services they offer and developing business models that will result in greater profitability and scale.
- **ICT firms**, engaged in the development and adaptation of software for economic and social development, will be assisted to design, develop or adapt technology to expand their businesses and provide more relevant, affordable solutions to their customers, especially "End-User" SME's. This may include assistance in improving their own software development practices and approaches.

In all cases, the DFI will seek to facilitate partnerships between US private sector companies and Senegalese participants to further the replicability and scale of successful solutions.

Leveraged Activities may target additional categories such as individuals seeking to develop their IT skills, support structures, and consumers.

IV. DFI Senegal Implementation Strategy

This section describes the governance structures, executing agencies, and technical approaches that will be used to implement the DFI pilot program in Senegal.

1. Governance

The DFI is an interagency initiative that draws expertise and leadership from a variety of governmental and private sector sources in both the US and Senegal. The Global DFI is led by a US Government Inter-Agency Working Group (DFI-IWG) with strong participation by private sector partners in the technology and services sectors (DFI Roundtable),

In Senegal, the Ministry of Commerce and PMEs, as the institution responsible for the development of SME's, has been charged by the President of the Republic to ensure the success of the DFI. The Office of the Presidency, the ART and the Directorate d'Informatique de l'Etat are key GOS participants. On the US side, the interagency working group is led by the US Department of Commerce and includes USAID, the Department of State, the Peace Corps, and a Private Sector Advisory Council. Both Presidents Wade and Bush have assigned the DFI a high priority.

The US and Senegal have established a bilateral Steering Committee, composed of participating governmental institutions to provide guidance and oversight to planning and implementation of the DFI Pilot Program. In March 2003, the two countries agreed on the following terms of reference for the Steering Committee:

- (1) Assure communication between the Government of Senegal (GOS) and the US Government (USG) on matters relating to the DFI;
- (2) Promote reforms supported by the DFI program;
- (3) Share a long-term vision for ICT opportunities;
- (4) Inform the Senegalese public about the Pilot Program and its progress.

This Steering Committee (the Committee) is co-chaired by the President's Special Adviser on ITC and the Deputy Director of USAID. The Committee was created in March 2003 and will continue to function until the end of the three-year Pilot Program, at which time the Committee may create a long-term intergovernmental advisory committee on ITC promotion. The Steering Committee is expected to meet at least quarterly.

In addition to the bilateral Steering Committee, participants are committed to incorporating private sector views into the governance structure of the DFI to ensure that a range of activities are developed and undertaken by US and Senegalese private sector companies and that the goals of economic growth are magnified.

Private sector views will be brought into the DFI Senegal pilot through two mechanisms. The Senegal Steering Committee will establish a Senegal Private Sector Advisory Council (SPSAC), made up of interested Senegalese private sector companies and/or representatives of business associations or other representative groups from sub-sectors that directly participate in the program. One or more representatives of the SPSAC will be invited to attend meetings of the Steering Committee as ex-officio members. The SPSAC will be discussed during the Senegal launch and should be constituted under full terms of reference during the first three months of the program.

The second private sector participation mechanism will be built on the existing Global DFI Roundtable, composed of interested US private sector companies and organizations. Each private sector group will elect a Chairperson from among its members to help coordinate their efforts. The Chairs of the private sector groups will serve as focal points for communication between the Senegalese and US private sector councils, to communicate DFI-IWG and GOS activities to the private sector group members, and to help coordinate the activities and inputs of the private sector groups. The Chairs will not be considered as “representatives” of their groups, nor will they provide a consensus view from their members. Private sector members will be encouraged to provide their perspectives directly to the DFI-IWG and the GOS Steering Committees. All of the DFI governance structures shall be fully voluntary bodies. Participation on these bodies will be a demonstration of the participating institutions’ or individual’s commitment to the goals of expanding ICT use in Senegal. No honoraria, fees, per diems, or any other allowances shall be paid to participants.

Figure 2 on the following page shows the schema of the DFI Senegal governance structure.

2. Executing Agencies

The principal executing agency responsible for the day-to-day implementation of Core Activities in Focus Areas One and Two is Geekcorps, a US NGO that specializes in providing technical assistance, primarily through volunteers, to support ICT in developing countries. The bulk of Focus Area Three, dealing with regulatory and policy reform will be implemented under the USAID Leland initiative.

Geekcorps, under a contract with USAID will provide overall administrative and technical program management. The Geekcorps Program Coordinator will monitor the expenditure of US Government funds under its control, ensure agreed upon results are achieved, and coordinate the identification and deployment of volunteers, among other functions. .

Geekcorps will establish a DFI Management Team in Dakar, to be recruited locally in Senegal. A very lean, three-person professional Management Team (along with appropriate administrative support positions) is envisioned.

The Dakar-based DFI Management Team will be responsible for three basic program implementation functions of the Core Activities:

- Identifying sector/*filliers* where ITC solutions offer the potential to spur growth and productivity
- Design and implement workable solutions using local expertise, US and Senegalese private volunteers, and US Peace Corps volunteers

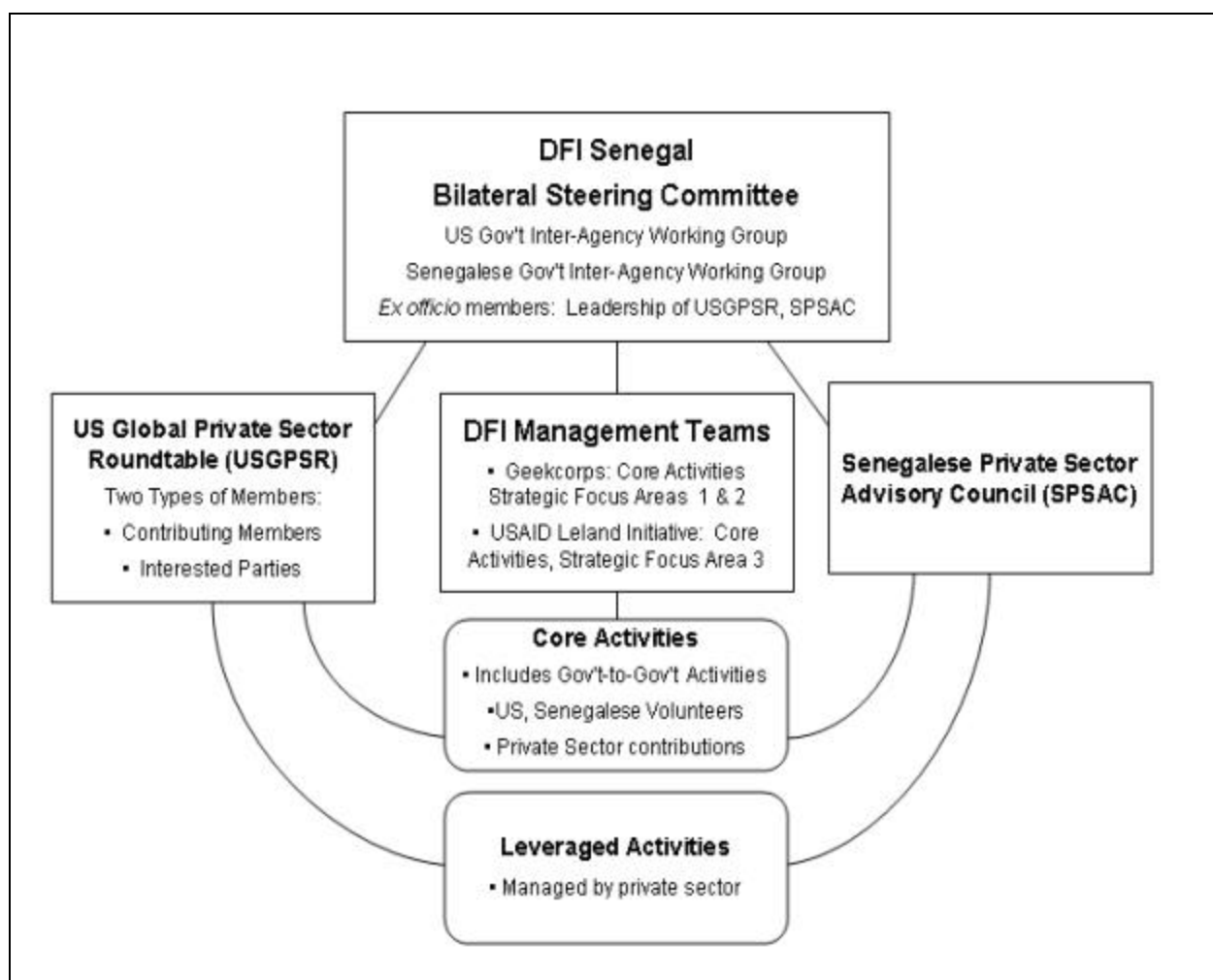


Figure 2: DFI Senegal Organization

- Ensure that solutions once implemented, will serve as an accelerator and be available on an on-going basis.

Each of these functions is described below.

3. Needs and Solution Identification

During the first three months of the program start-up the Management Team shall carry out a needs assessment to identify sub-sectors and partners that show potential to make effective use of ICTs. The Management Team will invite private sector companies to participate in this effort to better understand how they can contribute to Core Activities and identify valuable potential Leveraged Activities for the private sector to undertake. The Management Team will also work with the DFI Roundtable and SPSAC Chairs to communicate findings on a monthly basis to private sector partners. To do this, a needs assessment *cum* business development process is envisioned in which the Management Team will make use of existing analyses,

communicate regularly with representatives from the private sector and from agencies such as ADEPME, and invite suggestions (for example through published newspaper announcements) from groups that can articulate how an ICT solution would increase their productivity and profitability.

Needs and solution identification is envisaged as a rolling process in which experience with the start-up activities will lead to the identification of new areas where the DFI can work. The challenge will be to prioritize the use of the limited DFI core resources to focus on strategic areas with the most potential for visible benefits to Senegalese entrepreneurs. Needs and solutions that will benefit the rural areas will be prioritized. At the same time, a balance will be sought such that private sector partnerships can take a leadership role in identifying areas where their contributions can be most effective in achieving the broad goals of the DFI. To achieve this objective, the Department of Commerce is exploring a partnership with GlobalGiving to adapt GlobalGiving's current web-based donation platform that the Management Team could use to efficiently seek a broad range of US private sector inputs capable of leveraging core resources, meeting needs and developing solutions. The DFI IAWG would work to promote the use of this tool by US private sector DFI partners.

4. Design and Implement Solutions

Once target interventions are identified, the Management Team shall develop scopes of work (SOW's) for the proposed Core Activities. These SOW's would include the *Cahier de Charges* to be used in *Appel d'Offres* for competitively awarded contracts to local Senegalese associations, business development services firms, or other groups to develop solutions/tools and provide training and other services to SME's. As part of this process, local firms would be encouraged to make use of private sector volunteers. Volunteer technical assistance would be included in the *Cahier de Charges* to work along with selected local firms, associations, or individual enterprises. The Senegal Management Team would be responsible for the recruitment, placement and all administrative arrangements for US and Senegalese volunteers working with local firms to develop foundation solutions.

5. Ensure Wide-Spread Access To and Sustainable Use of IT Solutions

The Management Team will pursue two approaches to ensuring the wide-spread use of the Core Solutions developed under the DFI. First, to the greatest extent possible, solutions will be developed in conjunction with potential private sector distributors. Relying on market incentives and demand offers the best opportunity of ensuring outreach and sustainability, and of evaluating whether an application is responding to real needs. Applications that are developed in conjunction with private sector partners, and that offer them an opportunity to diversify their services and increase their revenues, are the most likely to offer long term advantages to SME's.

The second approach to ensuring wide-spread use and distribution of applications will be for the Management Team to work closely with the Ministry of Commerce to accelerate the enabling capacity of its small business development agencies, such as ADEPME (especially the newly created *Bureau de Mise au Niveau*), Trade Point, and on issues of *Etat Civil*, the *Directorate d'Informatique de l'Etat*. The Management Team will establish a close working relationship with these agencies to ensure that Core Activities are consistent with the overall strategy for developing SME's and to build synergy between existing efforts to *Mise au Niveau* PMEs, and the solutions developed under the DFI. At a minimum, these institutions can act as repositories

of SME applications developed under the DFI and be significant promoters and distributors of DFI applications.

In addition to the three programmatic functions described above, the Management Team will be responsible for monitoring and reporting on all aspects of the program and all the results achieved and for managing and accounting for all resources expended under the grant.

The Management Team will deliver reports on aspects of the program and on all results on a quarterly basis to the DFI Inter-Agency Working Group. The Department of Commerce will be responsible for assimilating program reports from the Management Team(s) and providing results-oriented analysis of the Global DFI program within the US Government and to US private sector partners.

6. Use of Local Firms

As indicated above, the Management Team will play a facilitating and organizing role. The lion's share of the technical work for Core Activities will be carried out by Senegalese ICT and/or BDS firms, or in some cases business or professional associations. These are the Senegalese ICT firms that will develop or configure IT tools, services or applications in the activities (The ICT "developers"). Participating firms will be selected through an open, competitive public tender process. Contracts/grants will be awarded on the basis of technical feasibility, organizational capacity, and cost.

US and Senegalese volunteers will work with locally selected firms, in order to build permanent capacity and reduce the costs of financing the targeted solutions.

An open competitive tender process will be used for several reasons:

- The Design Team determined that numerous activities operated by credible entities in diverse locations have the potential to contribute substantially to the DFI.
- The design team was able to visit only four locations around Senegal, while many promising initiatives are being implemented elsewhere. Demonstrating the applicability of ICT-tools in many types of locations is a desired element of the DFI Senegal Pilot.
- The tender process encourages "ownership" by the participating Senegalese organizations, builds local capacity, and heightens sustainability of DFI outcomes, since contracts and grants will be awarded on the basis of what offerors bring to the table, as well as what they request from the DFI.

A public tender process (such as that pioneered by the USAID DynaEnterprises Project) demonstrates good, competitive business practices, allows for more transparency in choice of partner organizations receiving assistance and supports existing efforts to develop transparent public tendering in Senegal.

Tenders for Core Activities will be prepared by the DFI Senegal Program Management Team, based on substantive input from DFI volunteers, the Senegalese and US private sector and other stakeholders, using criteria established by the DFI Senegal Steering Group. These criteria will incorporate factors such as location characteristics, prerequisites for beneficiary firms, and specific technical skills needed by any ICT firms selected. Tenders will also take into

consideration potential Leveraged Activities, in order to capture the synergies and augmented outcomes that are the real strengths of the DFI model.

7. Policy and Regulatory Reform

Under the USAID Leland Initiative, DFI is able to make available targeted technical training and highly specialized expertise and technical assistance to Senegal's regulatory institutions. Training and TA will be provided, at the request of participating institutions, under existing implementation contracts with US firms that the Leland Initiative already has in place. The requesting institutions will be able to identify expertise or training that meets their specific needs.

8. Timing of DFI Senegal Pilot Activities

Table 3 summarizes how DFI Senegal Core Activities will be timed across the Strategic Focus Areas and across Years One through Three. Year One begins with the Launch of the Senegal Pilot. These times are estimates and will be adjusted periodically to reflect actual progress and outcomes. Table 4 summarizes the flow of volunteers during the first year.

9. Volunteers: A Core Element of DFI

Taking advantage of the skills, energy, and cost economies of skilled volunteers is a core tenet of the DFI, as reflected in the discussion of implementation arrangements above. Three types of volunteers are envisioned: Senegalese volunteers, US Peace Corps Volunteers, and volunteers from the US private sector. All volunteers under this program will be called DFI volunteers.

Senegalese Volunteers or “Interns.” The recommended approach for the Senegalese volunteer component will be to identify tertiary-level students who are studying technology or business and have an interest and capability to offer to DFI activities. In the near term, these volunteers will bring a thorough understanding of the Senegalese culture and business environment as well as language skills. Senegalese volunteers should receive a small stipend to cover transport and other incidental costs during the period of their volunteer service.

US Peace Corps Volunteers (PCVs). Because of their longer tours in country and assignment in remote areas, PCVs (beginning with those working in the Small Business Development Program) are ideal for extending DFI Senegal pilot activities beyond the boundaries of Dakar to regional centers and rural areas. PCV's offer a unique resource for reaching entrepreneurs in remote and rural areas. It is envisaged that the PCV's would be a bridge between rural entrepreneurs, the DFI management team, and collaborating institutions supporting SME's, such as the *Bureau de Mise au Niveau* of ADEPME. PCV's would assist in both needs identification and in helping SME's adopt and use new applications. This would include developing and delivering, in association with DFI volunteers and the local service providers, specific training to entrepreneurs.

US Private Sector Volunteers. Volunteers from US businesses will play a critical role in DFI. In Senegal, their participation will be facilitated and supported by the Geekcorps Management Team. These volunteers will serve tours of two weeks to four months. (Volunteers will be counted by volunteer assignments. For example, if one volunteer signs up for a second assignment at a different point in time, that volunteer will be counted as two.) These US

business volunteers will not be compensated by DFI for their labor. These volunteers will always work with Senegalese counterparts, focusing on transferring skills and experience. They will not serve in roles to replace Senegalese business talent and experience, but rather augment it.

V. DFI Senegal Performance Outcomes

The DFI Senegal is serving to pilot a number of important design concepts, in order to prepare for the expansion to as many as twenty countries. Hence, a critical element of DFI is to measure concrete performance outcomes to ensure the intended results are achieved. Table 1 summarizes the intended results by focus area. These results will be refined during the first quarter of implementation in Senegal. During the first three months of program implementation the DFI Management Team will also elaborate this into a fully developed performance monitoring plan (PMP) that shows the intended results and how they will be measured.

Table 2 summarizes the intended outcomes related to private sector participation in DFI.

The results of the DFI Senegal Pilot will be monitored regularly and activities will be adjusted, as needed, to ensure that DFI Senegal is responsive and successful. The Department of Commerce Technology Administration (DOC/TA) and the USAID Bureau for Economic Growth, Agriculture and Trade (EGAT) are charged with monitoring and evaluating the global DFI and will work with the Dakar Management Team to put in place a system for capturing and reporting key outcome data.

For each DFI country, including Senegal, the type and estimated value of US private sector contributions will also be tracked and reported. Table 1 provides estimated outcomes for the number of business volunteers that will participate in DFI Senegal. The types of volunteers are described below.

VI. Management of Policy and Regulatory Activities

Senegal-based activities in these arenas will be closely coordinated with the DFI Inter-Agency Working Group and managed by the Leland Initiative. The activities will draw resources and expertise from several existing Leland Initiative and USAID/EGAT/IT efforts, including one or more Global Development Alliances and the US State Department.

VII. Budget

The DFI Senegal US government budget is built around its three Strategic Focus Areas and their Core Activities.

Table 1: DFI Senegal Planned Outcomes by Strategic Focus Area and Activity

These are notional outcomes to be refined in the first quarter of DFI implementation.

Focus Areas	Outcomes	
	End of Year 1	End of Year 3
1. Financial Services and Support		
Core Activities Enable electronic fund transfers to rural areas and demonstrate adoption of e-transactions by SME's in the piloted areas.	Identify an "e-money" activity, where DFI assistance can be used to help develop an e-money business through supporting pilot activities in this area.	MFI global standards introduced. Growth of e-money business in Senegal and surrounding region. At least one company actively expanding an e-money business in Senegal: <ul style="list-style-type: none"> At least 50 businesses using e-money monthly Partnership with MFI's and banks established.
Leveraged Activities	HP Microfinance Initiative: HP evaluating opportunity to work with Netwyz to enable their entry into microfinance e-money market.	MFI global standards introduced. Business model for rural cash disbursement and collection established. Local company identified as partner or source to expand solution and business through Senegal and potentially West African region. Relationships with microfinance and banking industry established.

Table 1: DFI Senegal Outcomes by Strategic Focus Area, Cont'd.

Focus Areas	Outcomes	
	End of Year 1	End of Year 3
2. SME Performance		
<p>Core Activities</p> <p>Strengthen the performance and profitability of SME's through the use of ICT's to improve business operations and management and increase access to markets.</p> <p>Gov't-to-Gov't Core Activities</p> <p>Strengthen the Senegalese government's capacity to support SME development through Peer-to-Peer partnership between US Small Business Administration and the Senegalese Ministry of Commerce and Small and Medium Enterprises.</p>	<p>End User SME's</p> <p>One or more ICT-enabled services are made available to non-IT related SME's.</p> <p>A group serving SME's gains the skills and experience to provide the ICT-enabled tools to additional SME's.</p> <p>At least 8 SME's demonstrate increased access to a target market by using ICT-enabled tools.</p> <p>Telecenters and CyberCafes</p> <p>At least 20 telecenters and 10 cyber cafes improve operations and management skills and are able to make sound business decisions regarding plans to expand ICT services.</p> <p>Groups representing or serving telecenters gain capability to deliver business models to strengthen and expand telecenter services and cyber cafes.</p> <p>ICT Businesses</p> <p>One or more firms improve their technical capability to deliver a relevant, affordable ICT-enabled business service or application.</p> <p>One or more firms improve their software development processes and project management skills.</p> <p>Government-to-Government</p> <p>Government of Senegal adapts at least one SBA approach to strengthen SME's.</p>	<p>End User SME's</p> <p>A diverse suite of ICT-enabled services is available to non-IT related SME's, taking advantage of diverse technology enabled by a competitive telecommunications environment. Businesses involved in core activities show increased profitability and/or business growth.</p> <p>At least 50 SME's demonstrate increased access to a target markets.</p> <p>Diverse organizations (public, private) serving SME's use DFI-developed tools and services on a sustainable basis.</p> <p>Telecenters and CyberCafes</p> <p>Telecenter and Cybercafe model for a growth-oriented telecenter business established and being actively promoted to telecenter operators.</p> <p>At least 20 telecenters and 10 cybercafes improve operations and management skills and sound business decisions regarding plans to expand services.</p> <p>Groups representing or serving telecenters can provide advocacy and capacity building services on a sustainable basis.</p> <p>ICT Businesses</p> <p>At least 5 firms have broadened their businesses and increased through new product offerings or improved services resulting in improved business practices, cost reductions, and/or growth.</p>

Focus Areas	Outcomes	
	End of Year 1	End of Year 3
2. SME Performance		
Leveraged Activities	<p>Cisco: Cisco Networking Academies Program expands in Senegal, including more locations and a broader range of IT training.</p> <p>DFI/GlobalGiving Partnership: Establish DFI collaboration with Global Giving to facilitate opportunities for expanded inputs from US Private Sector.</p>	Cisco Academies: XX,XXX students trained.

Table 1: DFI Senegal Outcomes by Strategic Focus Area, Cont'd.

Focus Areas	Outcomes	
	End of Year 1	End of Year 3
3. Pro-Competitive Policy and Regulatory Environment		
<p>Core Activities</p> <p>Establish a pro-competitive, technology-neutral telecommunications investment environment, with transparent regulatory processes, two or more main operators and multiple value-added re-sellers of network capacity.</p> <p>Government-to-Government Core Activities</p> <p>Support the development of an e-commerce and ICT enabling environment, including through the partnerships between select elements of the Government of Senegal and the US and our respective private sectors.</p>	<p>Establish Sector Policy Statement, describing licensing structure, processes for issuing licenses, requirements for networking and the like, to be finalized Autumn 2003.</p> <p>Establish transparent rule-making procedures and publish these and other activities on the World Wide Web by January 2004.</p> <p>Issue tender for one or more additional national network operators by January 2004.</p> <p>Award license for one or more additional national network operators by July 2004.</p> <p>Government-to-Government</p> <p>Establish one or more counterpart relationships between:</p> <ul style="list-style-type: none"> • The Senegalese and US governments • The Senegalese and US governments and our respective private sector entities 	<p>A pro-competitive, technology-neutral telecommunications investment environment, with transparent regulatory processes, two or more main operators and multiple value-added re-sellers of network capacity, resulting in:</p> <p>A significant reduction in prices for basic Internet access.</p> <p>A telecommunications environment attractive to new business entrants, illustrated by the presence of additional providers of ICT services.</p> <p>A more diverse range of telecommunications service offerings in use legally, such as access to the Internet via wireless networks and voice over IP services.</p> <p>An enabling, minimalist, pro-competitive, technology-neutral and transparent policy and regulatory environment exists, free from any major barriers to the growth of e-commerce and ICT.</p>
Leveraged Activities	<p>ITAA/USAID IT Mentors Alliance: The Senegalese and US IT sectors work together to strengthen IT industry in Senegal.</p> <p>An IT association in Senegal forms and becomes member of WITSA (World IT and Services Alliance); becomes strong voice in ICT policy forums in Senegal.</p>	

Table 2: DFI Senegal Private Sector Contributions Planned Outcomes

	Outcomes – End of Year 1	Outcomes – End of Year 3
Private Sector Contributions		
Develop a new form of public-private partnership that encourages private sector companies to send volunteers, participate in Core Activities, and provide additional resources through Supporting Activities.	<p>At least three types of volunteers have participated in DFI activities:</p> <ul style="list-style-type: none"> • At least 15 volunteers from the US private sector • At least 20 volunteers from the Senegalese private sector • At least 5 Peace Corps volunteers <p>Number of additional private sector resources/investments committed as a result of DFI participation</p> <p>X Leveraged Activities initiated reaching outcomes as defined for each activity.</p>	<p>At least three types of volunteers have participated in DFI activities:</p> <ul style="list-style-type: none"> • At least 75 volunteers from the US private sector • At least 100 volunteers from the Senegalese private sector • At least 25 Peace Corps volunteers <p>Number of additional private sector resources/investments committed as a result of DFI participation</p> <p>X Leveraged Activities initiated reaching outcomes as defined for each activity.</p>

Table 3: DFI Senegal Core Activities Time Line, by Strategic Focus Area

Activity begins Year 1 Activity will be confirmed or revised based on evaluation of prior activities and program priorities.

Note: This table does not include Government-to-Government Core Activities which will be on-going throughout the 3 year period.

	Year 1				Year 2				Year 3			
	1	2	3	4	1	2	3	4	1	2	3	4
A. Financial Services and Support												
B. SME Performance												
1. Strengthening SME Operations and Management through ICT												
a. Identify, adapt develop 1 or more ICT-enabled services or tools												
b. Deliver these services to SME's via multiple delivery channels.												
2. Improving Access to Markets for SME's through ICT												
a. Provide ICT-enabled tools to groups of SME's												
3. Strengthening Telecenters and Cybercafes												
a. Develop business models for telecenters to illustrate alternative ways to expand their ICT offerings.												
b. Provide training, services to help cybercafes strengthen management and operations and expand services.												
c. Help strengthen group(s) representing telecenters.												
4. Improving ICT SME's' Business and Technical Processes												
a. Help improve software development processes.												
b. Help improve project management capabilities.												
c. Help improve technical development skills.												
C. Pro-Competitive Policy and Regulatory Environment												
1. Tendering and licensing additional national network operators												
2. Building Capacity at ART to effectively regulate a competitive telecommunications sector												

Table 4: DFI Volunteer Usage in Core Activities by Strategic Focus Area and Project Stage/ Scope of Work - Year One

Total estimate number of volunteers assignments during Year One: at least 15 from the US private sector (PS), at least 20 from the Senegalese private sector (S), and at least 5 from Peace Corps (PCV).

Focus Area	Stage 1	Stage 2	Stage 3	Stage 4
A. Financial Services and Support	Market Research / Needs Assessment <ul style="list-style-type: none"> 1 PS assignment: 3 months 	Development of Scope of Work for tender process. <ul style="list-style-type: none"> 1 PS assignment: 6 weeks 	Project design / implementation / management <ul style="list-style-type: none"> 1 PS Assignment: 3 months 1 S Assignment: 3 months 	Quality assurance, marketing, roll-out <ul style="list-style-type: none"> 1 PS Assignment: 3 months 1 S Assignment: 3 months
B. SME Performance				
1. Strengthening SME Operations and Management through ICT <ul style="list-style-type: none"> a. Identify, adapt, and develop 1 or more ICT-enabled services or tools. b. Deliver these services to SME's via multiple delivery channels. 	Market Research / Needs Assessment; Identify associations that could benefit from use of ICT tool(s) <ul style="list-style-type: none"> 1 PS Assignment: 3 months 	Coordinate with Peace Corps Volunteers, Senegalese Volunteers / Contributions from Private Sector Roundtables to disseminate training tools and business models. (ongoing) <ul style="list-style-type: none"> 1-3 PCV assignments 4-5 S assignments 		
2. Improving Access to Markets for SME's <ul style="list-style-type: none"> a. Provide ICT-enabled tools to groups of SME's. 	Market Research / Needs Assessment <ul style="list-style-type: none"> 2 PS assignments: 3 months each 	Development of Scope of Work for tender process. <ul style="list-style-type: none"> 2 PS assignments: 6 weeks each 	Project design / implementation / management <ul style="list-style-type: none"> 2 PS assignments: 3 months each 2 S assignments: 3 months each 	Quality assurance, marketing, roll-out <ul style="list-style-type: none"> 2 PS assignments: 3 months each 2 S assignments: 3 months each

Focus Area	Stage 1	Stage 2	Stage 3	Stage 4
<p>3. Strengthening Telecenters (TCs) Cyber Cafes (CCs)</p> <p>a. Develop business models for TCs to illustrate alternative ways to expand ICT offerings;</p> <p>b. Provide training & services to help CCs strengthen mngtmt and ops and expand services.</p> <p>c. Help strengthen group(s) representing TCs</p>	<p>Market Research / Needs Assessment; Identify associations of TCs and CCs as beneficiaries.</p> <ul style="list-style-type: none"> • 2 PS assignments: 3 months each • 1-3 PCV assignments • 4-5 S assignments 	<p>Coordinate with Peace Corps Volunteers, Senegalese Volunteers / Contributions from Private Sector Roundtables to disseminate training tools and business models. (ongoing)</p> <ul style="list-style-type: none"> • 1-3 PCV assignments • 4-5 S assignments 		
<p>4. Improving ICT SMEs Business and Technical Processes</p> <p>a. Help improve software development processes</p> <p>b. Help improve project management capabilities</p> <p>c. Help improve technical development skills</p>	<p>No extra volunteers; Complementary activity for tech volunteers under #2 for "Access to Markets". (ongoing)</p>			

Activities, volunteer assignments and placements of all types of volunteers will be evaluated or revised based on evaluation of prior activities and ongoing program goals and priorities.